



United States
Department of
Agriculture

Forest
Service

Manti-La Sal
National Forest

Sanpete Ranger District
540 North Main 32-14
Ephraim, UT 84627
Phone # (435) 283-4151
Fax # (435) 283-5616

1023/016

File Code: 2810

Date: January 31, 2000

RECEIVED

FEB 04 2000

DIVISION OF
OIL, GAS AND MINING

Department of Natural Resources
Division of Oil, Gas and Mining
Attn: Tom Munsen
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

RE: Reply to Status of Large Mine Plan, Robert Steele and Bob Miller, Gunnison Gypsum, Juab County, UT

Dear Tom:

I appreciate you working with Will Wilson on this project. The mine in question changed operators in late 1997. Likewise, your staff measured the amount of mining disturbance during the summer 1999 and determined that this project exceeded 5 acres placing it in the Large Mining Operations category as regulated by the State of Utah. Mining operations of any size on National Forest System Lands are administrated under 36 CFR 228, Subpart A. The following answers are in response to your letter dated January 4, 2000 regarding the Gunnison Gypsum Mine and Large Mine Plan status in Juab County, Utah.

- 1) **Can the Forest Service require that the Div. Of Oil, Gas and Mining (DOGM) be considered a co-holder of this reclamation surety (Certificate of Deposit)?** The Forest Service and DOGM have a Memorandum of Understanding (MOU), signed and dated September 9, 1989, for administration and bonding procedures by which to administer a jointly regulated locatable mine. It is Forest Service policy not to jointly bond an operation nor identify another agency as a co-holder. Given the recent determination by the State of Utah that the mine must be permitted as a Large Mine Operation (LMO), the difference in the required bond amount may be required and held by DOGM for the mining and related disturbance on the private land. The Forest Service is not authorized to administer and regulate non-Forest System Lands. The Forest Service currently holds a \$38,000.00 Certificate of Deposit (CD) for the reclamation performance bond for those portions of the mine on National Forest System Lands. (Refer to DOGM, BLM and FS MOU for Locatable Minerals.)
- 2) **The surety is held in another person's name- Donna Gail Miller. Does this connection also tie her to the reclamation obligation of this mining operation in the event of a bond forfeiture proceeding?** Donna Gail Miller is the recognized president for the company (Gunnison Gypsum, Incorporated) that purchased the Levan Gypsum Mine, as identified in the purchase agreement signatory page 7 and dated December 1, 1997. The CD #0499992766141 and Agreement was signed by Robert Miller, Director for Gunnison Gypsum, Inc., dated April 24, 1997, for the amount of \$38,000.00. A letter dated May 6, 1998 from Donna G. Miller to Tom Shore, District Ranger states: "Bob Miller, who is one of the directors of Gunnison Gypsum has the authority to sign documents on behalf of Gunnison Gypsum."



Documentation exists to identify Bob Miller directly to the CD Agreement and the project responsibilities. Donna G. Miller is president of the company of Gunnison Gypsum and is responsible as such as her duties describe. Gunnison Gypsum is the corporate entity with ultimate responsibility for reclamation obligations. (See enclosed bonding information, purchase agreement, and May 6, 1998 letter.)

- 3) **A portion of mining disturbance is located on private lands. We assume that the \$38,000 surety only applies to affected Forest Service land. Please confirm.** Yes, the Forest Service can only regulate and require bonding for those portions on National Forest System Lands, specifically, the gypsum pit and upper portion of the mine haul road.
- 4) **Has the Forest Service calculated what percentage of the mining related disturbance is on USFS land versus private land?** No, but a visual estimate using aerial photos and a project topographic map provides a rough estimate of between 50-55% for the disturbance on the road and pit on National Forest System Lands. DOGM measured the area by hip-chain on September 8, 1999 and determined the total area at 8.0 acres of disturbance. A more accurate measuring method by Global Positioning Systems will be used in the Summer 2000 to calculate the existing amount of disturbance on and off National Forest System Lands.
- 5) **What is Mr. Miller's involvement in this project? We never received a permit transfer from Robert Steele which would effectively transfer the existing small mine permit and all associated reclamation responsibility to Bob Miller.** Robert Miller is the officially recognized operator for this project and Robert Steele is a designated field representative working on behalf of Miller for Gunnison Gypsum, Inc. The FS recognized Robert Miller as the operator by letter dated May 5, 1998 after he posted an acceptable and approved reclamation performance bond (\$38,000.00). I have no knowledge or documentation whether Bob Steele submitted a permit transfer to DOGM concerning this matter.
- 6) **We request a copy of the USFS contract (as referred to on the bond form) tying the \$38,000 COD to this mine site.** Enclosed is the CD Agreement with associated correspondence and plan of operations #9/9/93 with amendments and maps. In order to avoid confusion and recognize a change of owners, a new plan of operation's identification number was designated for the project (Plan of Operations #01-99-001). Bob Miller adopted the former Levan Gypsum, Inc, Plan of Operations #9/9/93 with all stipulations, requirements, modifications and attachments. In response to your concerns, the Forest Service checked with First Security Bank (of Utah) on January 4, 2000 and confirmed that the CD was still current for the proper amount.
- 7) **Is there a USFS plan of operations and a reclamation surety estimate associated with the \$38,000 surety? If so, would you please provide us with a copy of these documents?** I have enclosed a copy of the adopted plan of operations (formerly Bob Steel and Jack Dansie of Levan Gypsum) and the calculation pages for the reclamation performance bond. These are applicable to the current operation. Note that the FS bonding calculations estimate total disturbed acreage on NFS land for life of the mine at 1.6 acres haul road and 3.0 acres mining/pit area, which is still accurate.
- 8) **Is the project site called Levan, Gunnison, or STD #1 mine? All of these names have been used in the permitting correspondence. For consistency and to eliminate future confusion, we should all agree on and use the same name.** The lack of a common name for all parties to use can lead to confusion. I have been using the name Gunnison Gypsum (the

company name) although the mine is identified as Juab Gypsum in the plan of operations. Juab is a popular term and referencing the mine as Gunnison may help to eliminate any other "Juab" names from around Juab County. It is efficient since it identifies the company and mine at the same time.

- 9) **What is the legal description of the lands that the \$38,000 surety covers?** The purchase agreement identifies the lands as the Plan of Operations # 9/9/93. This plan states the locations on page 2 as: T.14S., R.1E., Section 33 and T.15S., R.1E., Sec.4. Security #1 and #2 mining claims, respectively.
- 10) **Robert Steele is the "designated operator" according to the USFS, is this correct?** No, Bob Steele was a recognized operator under his plan of operations for this project until Gunnison Gypsum purchased the property in December 1997. The FS received a letter dated 6-10-99 identifying Bob Steele as an authorized field representative for Bob Miller and to avoid confusion, the FS designated this change by assigning a new plan number as Plan of Operations #01-99-001 adopting the former plan of operations, refer to question #6.

I hope this response and the enclosed documents will provide you with the necessary information that you need in order to process and review the Large Mine Operation Permit. I feel my staff has been working very cooperatively with DOGM, especially Tom Munsen, and has been fulfilling the intent and spirit of the MOU in regards to joint administration of locatable operations.

Thank you for your time and cooperation. Contact me at (435) 283-4151 or Will Wilson at (435) 384-2372 for further questions or concerns.

Sincerely,



THOMAS H. SHORE
District Ranger

Enclosures

cc: Robert Miller, N 10015 Division #200, Spokane, WA 99208
Robert Steele, 1055 N. 400 E. Nephi, UT 84648

**SELECTED CORRESPONDENCE
PERTINENT TO RESPONDING TO
JANUARY 4, 2000, DOGM LETTER**

FILE: 2810- , Gunnison Gypsum

PHONE CALL RECORD

NAME of COMPANY:
COMPANY REPRESENTATIVE:
PROJECT NAME: Gunnison Gypsum Bob Miller, Bob Steele
DATE/TIME:

REGARDING: PHONE CONTACTS

DISCUSSION: Phone contacts: Bob Miller- Hm: 509-466-0770, Off: 509-467-7674, Fax: 509-467-7681, Cell # 509-995-4674

Bob Steele: 435-623-1877

Jack Dansie: 801-368-1989

ACTION TAKEN:

FS OFFICIAL:
DATE:

GUNNISON GYPSUM CORP.

N10015 Division Suite #200

Spokane, WA 99218

Phone (509) 467-7674

Fax (509) 467-7681

To: Thomas H. Shore
District Ranger
From: Bob Miller
Gunnison Gypsum
Subject: Continuation of present Mining Plan issued to Bob Steele and Jack Dansie for
continuation of the Levan Gypsum project
Date: February 12, 1998

Dear Mr. Shore;

We have reviewed the existing mining plan and find it to be in accordance with our envisioned operation and provide only the following comments:

1. We are looking to mine with a cutting/chipping head similar to one that you would find on an asphalt reclaimer. We suspect this will result in shallow slopes and a large surface area; therefore we will reclaim to less than the five acre size on a continuous basis to stay within the mine plan guidelines.
2. As we are aware of your concern for preservation and/or identification of the Golden Eagle nesting sites in our area we will make an effort under your guidance, to identify any such nesting sites that may be affected by our operations. We agree to comply with guidelines that you deem appropriate concerning this matter.
3. Concerning the annual period of operation, it is likely that we will have very little mining and/or screening during the winter months. This year it may be necessary for us to start screenings operations on the private land at elevations near the canyon bottom in preparation anticipated April contracts.

We look forward to working with you and once our plans become firmly established will provide continual up-dates to your office.

Sincerely



R.E. Miller
Gunnison Gypsum

MANIT-LASAL NATIONAL FOREST
DISTRICT RANGER
EPHRAIM, UTAH

FEB 19 1998

RECEIVED

Reply To: 2820

Date: March 16, 1998

Gunnison Gypsum Corporation
N10015 Division Suite #200
Spokane, Washington 99218

Dear Gentlemen:

I am in receipt of your request to continue the approved Plan of Operations for the Security 1-4 Mining Claims located on the Uinta National Forest which is administered by the Manti-La Sal National Forest. It is my understanding that you are purchasing the claims and mining operation from J.W. Danise and Robert Steele. The Plan of Operations that describes their mining operation, environmental protection measures and recommended Forest Service changes and requirements was approved on September 9, 1993. An amendment to the original plan was approved on June 28, 1994, authorizing the use of an asphalt reclaimer to mine the gypsum ore.

As a guarantee of faithful performance with the reclamation requirements agreed upon in the Plan of Operations, the operators posted and still maintain a \$38,000 bond.

Your letter indicates that you have reviewed the existing mining plan and find it to be in accordance with your envisioned operation.


I will approve the continuation of the mining operation of the Security 1-4 Mining Claims in accordance with the Plan of Operations approved on September 9, 1993 and as amended on June 28, 1994, as soon as I receive the following:

1. A bonding instrument such as a surety bond, certificate of deposit, U.S. Treasury Note, cash, bond or irrevocable letter of credit in the amount of \$38,000.
2. Documentation proving ownership of the Security 1-4 mining claims.

In addition, we have discussed the concern for protection of inventoried Golden Eagle nesting sites found in the Chicken Creek drainage. Your letter indicates agreement to comply with guidelines to protect Golden Eagle nesting sites and we appreciate your willingness to cooperate. Report to this office any sighting of Golden Eagles in the area of your mining operation.

I wish you success in your mining adventure and look forward to working with you.

Sincerely,


THOMAS H. SHORE
District Ranger

Reply To: 2810

Date: May 5, 1998

J.W. Dansie
436 West 200 South
Nephi, Utah 84648

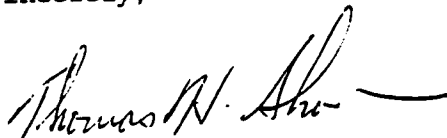
Dear Jack:

On August 12, 1993 you established an Irrevocable Letter of Credit No. S-10252-00018 at First Security Bank of Utah in your favor for account of J.W. Danise, Jean H. Danise and Robert L. Steel in the amount of thirty eight thousand and no/100 U.S. Dollars. The purpose being to secure a performance bond for the Plan of Operations for the Security 1-4 mining claims located on the Uinta National Forest which is administered by the Manti-La Sal National Forest.

I am aware that on December 1, 1997 a Purchase Agreement was executed whereas Gunnison Gypsum Incorporated became the owner of the Security 1-4 claims and the Levan Gypsum Project. As part of the agreement, Gunnison Gypsum Incorporated agreed to the terms and conditions of the existing Plan of Operations and assumed responsibility for the work done by the seller on the property. Likewise, they have secured a bond in the amount required to cover reclamation requirements of the Plan of Operations.

Therefore, by copy of this letter, you are relieved of any responsibilities pertaining to reclamation requirements agreed upon in the Plan of Operations approved on September 20, 1993. If submission of this letter to First Security Bank is not sufficient for release of the Irrevocable Letter of Credit, please have them contact this office.

Sincerely,


THOMAS H. SHORE
District Ranger

GUNNISON GYPSUM CORPORATION

10015 N. Division #200

Spokane, WA 99208

Phone (509) 467-7674

Fax (509) 467-7681

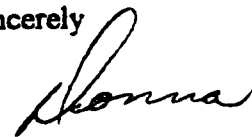
To: Don Okerlund
United States Forest Service
Manti-LaSal District
From: Donna Miller
Date: May 6, 1998

Dear Mr. Okerlund;

Bob Miller, who is one of the directors of Gunnison Gypsum, has the authority to sign documents on behalf of Gunnison Gypsum. If you have any questions or concerns regarding this matter please call me at the above listed phone number.

Thank you for your cooperation in working with Mr. Miller.

Sincerely

A handwritten signature in cursive script, appearing to read "Donna", written in black ink.

Donna Gail Miller

Reply To: 2810

Date: June 1, 1998

Gunnison Gypsum Corporation
N10015 Division Suite #200
Spokane, Washington 99218

Atten: R.E. Miller

Dear Mr. Miller:


Upon further review of the documents submitted by you in regards to your purchase of the Levan Gypsum Project from Robert Steele, it has been determined that additional documentation is needed. Clarification is needed concerning your acceptance of past actions and operations on the claims. Would you please supply me with the following:

1. A notarized statement from the President of the Gunnison Gypsum Corporation stating that you take all responsibility for past actions, operations and reclamation of the Security 1-4 mining claims constituting the Levan Gypsum Project. In addition, you accept and agree to comply with all of the conditions in the Plan of Operations approved on September 9, 1993, including the recommended changes, mitigations and reclamation requirements. And, it is understood that the bond that has been posted will not be released until the Forest Officer in charge gives written approval of the reclamation work.
2. A notarized statement is needed from Robert Steele stating that he has sold the Security 1-4 mining claims constituting the Levan Gypsum Project and is therefore relinquishing any responsibility to the Plan of Operations. In addition, the Purchase Agreement signed by Gunnison Gypsum Corporation and Robert L. Steele on December 1, 1997 transfers all responsibility for past operations to the Gunnison Gypsum Corporation.

If you would obtain the above described documents and provide me with a copy, it would be appreciated.

On May 13, 1998 I sent to you a Standard Form 25, Performance Bond that needed to be reviewed, signed and your Corporate Seal placed on it. To date, I have not received copy of that form and would appreciate it if you would send me a completed copy.

Sincerely,


THOMAS H. SHORE
District Ranger

**PLAN OF OPERATIONS WITH MAPS,
MODIFICATIONS AND AMENDMENTS**

PLAN OF OPERATIONS
FOR MINING ACTIVITIES
ON NATIONAL FOREST LANDS

POO# 9/9/93

Submitted by Robert L. Steele owner 10-8-90
Signature Title DatePlan Received by Thomas A. Shive District Ranger 10/10/90
Signature Title Date

I. GENERAL INFORMATION

- A. Name of Mine/Project * Levan Gypsum
- B. Type of Operation * Development Production
(lode, placer, mill, exploration, development, production, other)
- C. Is this a (new/continuing) operation? (CIRCLE ONE) (New Plan of operations)
If continuing a previous operation, this plan (replaces/modifies) a previous plan of operation. (CIRCLE ONE)
- D. Proposed start-up date of operation 15th Oct. 1990
- E. Proposed duration of operations continuing -
- F. Proposed seasonal reclamation close-out date continuing

II. PRINCIPALS

- A. Name, address and phone number of operator * J.W. Damsie
328 S 200 West Nephi, Utah 84648
623-2332 office 623-2447 home
- B. Name, address, and phone number of authorized field representative (if other than the operator). Attach authorization to act on behalf of operator.
* (NONE)
- C. List the owners of the claims (if other than the operator)
* Robert Steele, Christy Steele, Robby Steele, and
Angela Steele

Name and address of applicant
Name operation, if applicable.

(None)

III. PROPERTY OR AREA

of claim and the legal land description where the operation will be conducted.

	Name	Section	Township	Range
	Security #1	South 1/2 of 33	14 S.	1 E
	Security #2	4	15 S	1 E.
	" 3	"	"	"
	" 4	"	"	"

IV. DESCRIPTION OF THE OPERATION

Access. Show on a map (USGS quadrangle map or a National Forest map, for example) the claim boundaries and describe and show on the map all access needs, on and off the claim. Specify what Forest Service existing roads will be used, where maintenance or reconstruction is proposed and where any new construction is necessary. For new construction, include construction specifications such as widths, grades, etc. Show location and size of culverts. Describe maintenance plans. Describe the type and sizes of vehicles and equipment that will be traveling the access routes.

TD-20 3000 gallon truck 10 wheel Dump
Bulldozers, Loaders, Drills, Rock Trucks, All Equipment

~~any~~ necessary for open pit mining

The Road will be ~~made~~ made wider to make it safe to

Travel. app. 800 ft of new Road will be made on private land

Attach map, sketch or drawing showing location and layout of the area of operation. Include names and locations of any streams, creeks, and springs. Describe and explain on the map the type of operation, method or techniques you propose (examples: drilling, open pit mining, dredging, milling, etc.; include locations, capacity, size, amount, etc.). Show on the map and describe below the size and kind of all surface disturbance, such as trenches, pits, settling ponds, stream channels and run-off diversions, waste dumps, drill pads, timber disposal or clearance, etc. Include sizes, capacities, acreage, amounts, locations, materials involved, etc.

see map

(If more space is needed to fill out a block of information, use additional sheets and attach to form.)

- C. Project Description. Describe details of the operation: how clear is accomplished, topsoil stockpiled, waste rock placed, tailing disposed of, etc. Calculate production rates and total volumes of waste rock and ore. Include justification and calculations for settling pond capacities and sizing of runoff diversion channels.

1. For first 12 months:

#1 * Road will be widened to App 20 ft Wide with a two foot Burrn, yard will be improved as to Turn Trucks around Road will be put in contact with Gypsum for access to Drilling Gypsum will be drilled and shot. Then pushed into stockpile at bottom of Gypsum pad. Loaders will load Trucks and Gypsum will be Hauled To mill site.
any Topsoil will be put in pile on yard and ~~Be~~ Be Redistributed when mining has been Completed.
Runoff will be Controlled with 3 foot Burrn around yard

2. For total life of project:

* PLAN WILL BE updated if Necessary

(If more space is needed to fill out a block of information, use additional sheets and attach to form.)

D. Describe the Equipment and its use you propose to use in your operation. Examples: drill, dozer, wash plant, mill, etc.). Include: sizes, capacity, frequency of use, etc.

* TD 20 Dozer

3000 Tragen loader

Track: Drill

10 wheel Dump Trucks

E. Structures. Describe and include justification for the structures or facilities planned for the operation. Include such things as storage sheds, mill buildings, thickener tanks, fuel storage, powder magazines, pipe lines, water diversions, trailers, sanitation facilities, etc. Include justification and calculations for sizing of tanks, pipelines and water diversions. The fuel storage facilities should include containment structures that will hold the volume of the largest storage tank in case of a tank failure or leak. Show the locations on the sketch map.

* None

V. ENVIRONMENTAL PROTECTION MEASURES (SEE 36 CFR 228.8)

A. Air Quality. Describe measures to be taken to minimize impacts on air quality such as obtaining a burning permit for slash disposal or dust abatement on roads.

* will meet Air Quality Standards

(If more space is needed to fill out a block of information, use additional sheets and attach to form.)

B. **Water Quality.** State how applicable state and federal water quality standards will be met. Describe what measures or management practices will be used to minimize water quality impacts and meet applicable standards:

1. If water is to be used in the operation (processing ore, washing ore, solution make-up, etc.) state how the water will be stored, treated and disposed of. If ponds of any type are proposed, such as for storage or settling, state how they will be designed and built. Provide storage capacities and water balance calculations. State how ponds will be maintained on an annual basis.
2. Describe methods to control runoff and erosion to prevent entry into surface water for all disturbed areas, including waste and tailings dumps.
3. Describe proposed surface water and groundwater quality monitoring, if required, to demonstrate compliance with federal or state water-quality standards.
4. Describe what measures will be used to minimize potential water quality impacts during winter closure, if applicable.
5. If land application is proposed for wastewater disposal, the location and operation of the land application system should be described.

* None

C. **Solid Wastes.** State how any tailing, dumpage, or other waste produced by operations will be disposed of or treated so as to minimize adverse impacts. Include a statement that all unburnable garbage and refuse will be hauled off-Forest to a sanitary landfill.

* Solid Waste will be hauled to land fill

D. **Scenic Values.** State how scenic values will be protected. Examples are screening, slash disposal, timely reclamation, etc.

* None

- E. Fish and Wildlife. All practicable measures to maintain and protect fisheries and wildlife habitat affected by the operations must be taken, and should be defined. Most of those measures involve avoidance of critical habitat such as along streams and bogs when planning roads, dumps, etc. Opportunities during reclamation to prevent erosion or plant browse or forage species should be described.

* None

- F. Cultural Resources. Describe procedures for protection of historic and archeological values. The Forest Service is responsible for insuring that the area to be covered by the operating plan is inventoried prior to plan approval to determine the presence of significant cultural resources and will specify protective and/or mitigation measures to be taken by the operator. If previously undiscovered cultural resources (historic or prehistoric objects, artifacts, or sites) are exposed as a result of operations, the operator shall not proceed until he is notified by the District Ranger that he has complied with provisions for mitigating unforeseen impacts as required by 36 CFR 228.4(e) and 36 CFR 800.

* None

- G. List all hazardous substances (by name and quantity required) which you intend to use or generate during the proposed operation. Operations USING or GENERATING HAZARDOUS SUBSTANCES must attach copies of other Federal and State agency permits, including all stipulations and conditions pertaining to the permit.

* None

- H. With regard to hazardous substances, discuss handling, storage, security (fencing), identification (signing), or other special operations requirements necessary to conduct the proposed operation.

* will not store on site

(If more space is needed to fill out a block of information, use additional sheets and attach to form.)

- I. Close-out Reclamation. The _____ should describe the removal of _____; and facilities, and the reclamation of the access road. It should specify that roads no longer needed: (1) be closed, (2) bridges and culverts be removed, (3) cross drains, dips, or water bars be constructed, and (4) the road surface be shaped to as near a natural contour as practicable and be stabilized. Show the expected date for completion of all reclamation.

* Redistribute Top soil and Reseed
Pit will be recontoured to the extent possible.

VI. FOREST SERVICE EVALUATION OF PLAN OF OPERATIONS

- A. Recommended Changes/Modifications for Plan of Operations: * In addition to the environmental protection measures included in this Plan of Operation and the amendments received on October 31, 1990, December 6, 1990 and January 8, 1991 the following Mitigations (1-18) Legal and Regulatory Requirements (1-2), and Additional Mitigation Measures (1-8) are recommended (see Attached.).

- B. Bond - As a further guarantee of faithful performance with the reclamation requirements agreed upon in the plan of operations, the operator delivers herewith and agrees to maintain a surety bond, cash, bond, irrevocable letters of credit in the sum of * thirty eight thousand (\$ 38,000.00).

ACKNOWLEDGEMENTS

- A. It is understood that should the nature of the operation change a modified or supplemental plan of operations may be required.
- B. It is understood that approval of this plan of operations does not constitute: (1) Certification of ownership to any person named herein; and (2) Recognition of the validity of any mining claim named herein.

(If more space is needed to fill out a block of information, use additional sheets and attach to form.)

- C. It is understood that a bond equivalent to the actual cost of performing the agreed upon mitigation and reclamation measures may be required before this plan can be approved.
- D. It is understood that approval of this plan does not relieve me of my responsibility to comply with any other applicable State or Federal laws, rules or regulations.
- E. It is understood that any information provided with this plan that is marked confidential will be treated by the agency in accordance with that agency's laws, rules and regulations.

I/We have reviewed and agree to comply with all conditions in this plan of operations, including the recommended changes and reclamation requirements. I/We understand that the bond will not be released until the Forest Officer in charge gives written approval of the reclamation work.

J.M. P... ..
Operator (or Authorized Official)

0023 12-93
(Date)

OPERATING PLAN APPROVAL:

Aaron L. Howe
(Name)
Aaron L. Howe
(Authorized Officer)

ACTIVE FOREST SUPERVISOR
(Title)
9/20/93
(Date)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0595-0022), Washington, D.C. 20503.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" means mining operations which disturb five or less surface acres at any given time.

* * * * *

I. GENERAL INFORMATION (Rule R613-003-104)

1. Name of Claim/Mine: Levan Gypsum
2. Name of Operator/Applicant: J-W-Dawson - Robert Steele
Company () Corporation () Partnership () Individual ☒
3. Permanent Address: 328 S 200 West
City: Newhi State: UT Zip Code: 84642
Telephone Number: (801) 623-7447
4. Ownership of Land Surface:
Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☒
State of Utah ☐ Other: United States of America
5. Ownership of Minerals:
Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☐
State of Utah ☐ Other: Stakeholder under The 1872 Mineral Law

Utah Mining Claim Number(s) UMC-117022 to 117025

Utah State Lease Number(s) _____

6. Have the above owners been notified in writing? Yes ☒ No ☐
If no, why not? _____

7. Does the operator have legal right to enter and conduct mining operations on the land covered by this notice? Yes ☒ No ☐

II. PROJECT LOCATION & MAP (Rule R613-003-105)

1. Project Location (legal description):

County(ies): Just County State of Utah

1/4, 1/4, 1/4:	<u>S.E.</u>	Section: <u>33</u>	Township: <u>14 S.</u>	Range: <u>1 E</u>
1/4, 1/4, 1/4:	<u>S.W.</u>	Section: <u>33</u>	Township: <u>14 S.</u>	Range: <u>1 E</u>
1/4, 1/4, 1/4:	_____	Section: _____	Township: _____	Range: _____

2. A topographic base map showing the location of the proposed small mining operation must be submitted with this notice. A USGS 7.5 minute series map is preferred. The areas to be disturbed should be plotted in sufficient detail so that they can be located on the ground. It is recommended that the operator also plot and label any previous disturbances in the immediate vicinity that he is not responsible for.

III. OPERATION PLAN (Rule R613-003-106)

1. Type of mining: Surface ☒ Underground ☐

2. Mineral(s) to be mined: Gypsum

3. Provide a brief description of the proposed mining operation and onsite processing facilities. Gypsum will be mined by the open-pit method. Bulldozers, Loaders, Drills and Rock-Trucks will be used. Gypsum will be mined, stock piled and then loaded and hauled to a mill site to be crushed away from mine or private property.

New Road(s): Length 0 (ft) Width 20 (ft)

Total project surface acreage to be disturbed 2 1/2 (acres)

IV. OPERATION AND RECLAMATION PRACTICES (Rule R613-003-107 & 108)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining:

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.
10. Stockpile topsoil and suitable overburden prior to mining.
11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by ripping, discing, or harrowing.
13. Reseed disturbed areas with adaptable species. (The Division recommends seeding 20 lbs./acre of native and introduced species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or if broadcast seeded, harrow or rake the seed 1/4-1/2 inch into the soil - fall is the preferred time to seed.

V. VARIANCE REQUEST (Rule R613-003-109)

Yes 11 No 11

Any planned deviations from Rules R613-003-107, Operation Practices, R613-003-108, Hole Plugging Requirements, or R613-003-109, Reclamation Practices, as summarized above, should be identified below and justification given for the variance request(s).

Item Number

Variance Request Justification

VI. SIGNATURE REQUIREMENT

I hereby commit to conduct mining operations and to reclaim the aforementioned small mine as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.

Signature of Operator/Applicant:

Name (typed or print):

Title/Position (if applicable):

Date:

J. W. Dansie
Robert Steele - J. W. Dansie
10-2-98

P00# 9/9/93

Oct, 31, 1990

Additional Information for operating Plan
As Requested by Oct 30th 1990 letter
To be Included in operating Plan
Submitted 10-8-90

Robert L. Steele
J.M. Dannie

Extra
copy

Reply To: 2810

Date: October 30, 1990

J.W. Dansie
328 South 200 West
Nephi, Utah 84648

MANTI-LASAL N.F.

NOV - 2 1990

Dear Mr. Dansie:

We appreciate your taking the time to meet with Forest Service representatives on October 29, 1990 to discuss your proposed mining operation. As has been mentioned, in addition to the Plan of Operation you submitted on October 10, 1990 we need more information about your proposal to do the necessary evaluation. The group of Forest Service representatives that meet on the site, developed the following list of information needed. We realize many of these items were discussed at the site, but they need to be submitted by you as part of your Plan of Operation.

1. Section IV. Description of the Operation, Part B.

As stated in this section, a map, sketch or drawing is needed, showing the location and layout of the area of operation or quarry site. Included in this is a discussion of acreage, amounts of material to be removed, extent of surface disturbance and anything else that would describe or explain your proposed type of operation. For example, a pit plan showing cross sections would be very helpful in doing the evaluation.

2. Section IV. Description of Operation, Part C.

Additional information needed in this section includes a description of: a) how the clearing will be accomplished; b) how will the cleared material be disposed of; c) what will be done with waste rock and unsuitable material, and how much of this type of material will there be; d) what is the total life of this project as described in the Plan of Operation; e) describe the timing of your operation or in other words, when will the quarry be operating.

3. Section V. Environmental Protection Measures, Part A. Air Quality

Describe what will be done to minimize impacts to air quality in regards to dust abatement on roads and quarry site.

Part B. Water Quality item 2. Describe the method you propose to use to control runoff and erosion on the site, particularly the drainage.

Part D. Scenic Values - Include a description of when the reclamation will be completed. Will it be done in phases or a one time project at completion of the mining activity.

Part E. An explanation of anything you could or plan on doing to prevent disturbance to wintering wildlife during the critical period of December 1 to April 15.

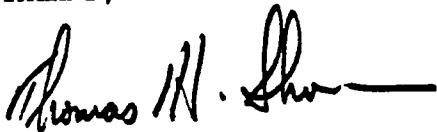
Part C. A statement that you will comply to the requirements of this section is needed.

Part H. Discuss your plans for public safety such as gates, signs, fences, highwall conditions within the quarry, and use of explosives.

Part I. This is probably the most important item of a Plan of Operation, thus a complete and descriptive explanation of your reclamation plans is needed. Include your reclamation plans for the access road, placement of topsoil, establishment of a vegetative cover on disturbed areas, removal of safety hazards, cleanup, and what will be done with highwalls and actual open pit.

If you have any questions or need additional information concerning the above, please contact Don Okerlund of my office. Our phone number is 283-4151.

Thanks,

A handwritten signature in dark ink, appearing to read "Thomas H. Shore", followed by a horizontal line.

THOMAS H. SHORE
District Ranger

Part F Reclamations

- ⊕ Reclamations will be accomplished according to
+ Form M.P.-SMD Here to Attached Items ~~1~~ 1 Through
14. According to Forest Service Supervision

IV. OPERATION AND RECLAMATION PRACTICES (Rule R613-003-107 & 108)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining:

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.
10. Stockpile topsoil and suitable overburden prior to mining.
11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by ripping, discing, or harrowing.
13. Reseed disturbed areas with adaptable species. (The Division recommends seeding 20 lbs./acre of native and introduced species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or if broadcast seeded, harrow or rake the seed 1/4-1/2 inch into the soil - fall is the preferred time to seed.

Sec. ~~IV~~ Description of Operation, Part C

⊕ As mining progresses all vegetation will be stockpiled and burned when conditions allow under direction of Forest Service.

⊕ All unsuitable material (waste rock) will be used for Riprap or be used for Rehab material. This should be less than 100 Cub. yards.

⊕ Topsoil where encountered in mining operation will be stripped and stockpiled for future redistribution in mine reclamation.

⊕ Quarry will be operating from April 1st to Dec. 1st

- C. It is understood that a bond equivalent to the actual cost of performing the reclamation measures may be required before this plan can be approved.
- D. It is understood that approval of this plan does not relieve me of my responsibility to comply with any other applicable State or Federal laws, rules or regulations.
- E. It is understood that any information provided with this plan that is marked confidential will be treated by the agency in accordance with that agency's laws, rules and regulations.

I/We have reviewed and agree to comply with all conditions in this plan of operations, including the recommended changes and reclamation requirements. I/We understand that the bond will not be released until the Forest Officer in charge gives written approval of the reclamation work.

Operator (or Authorized Official)

(Date)

OPERATING PLAN APPROVAL:

(Name)

(Title)

(Authorized Officer)

(Date)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0596-0022), Washington, D.C. 20503.

Sec. V Environmental Protection Measures

- +⊕ A. If Dust becomes unacceptable according to State Standards Road will be sprinkled with water
- B. Road will be water bared and outleer drainage structures will be instated as needed
- + All hazardous Substance will be handled according to State and Federal Regulation
- + (Powder, Caps, Dep. Card, Fuse)
- +⊕ D. Reclamation will be completed at the End of mining activity
- +⊕ E. operations will be from April 1st to Dec. 1st in consideration of wintering ~~weather~~ Wildlife
- +⊕ C. we will comply with all State and Fed. Requirements concerning ~~solid~~ Waste Disposal
- ⊕ H Gates and signs will be installed on county roads
 - + to warn the public and to Block public Access from operations
 - + No Explosives will be stored at mine.
 - No highwall are anticipated on this operation

BM
463

FLUME

Rock

LEVAN Gypsum
Steele Property

Sec. 33 T. 14 S
R. 1 E S. 1 M. B.

Road
Yard
Topsoil
Gypsum

RECEIVED

FEB 11 2011

DIVISION OF
OIL, GAS AND MINES

Section IV Description of Operation Part B
Total Areas of Disturbance on N.M. Equals 3 Areas
30,000 Tons of Gypsum will be Removed per year
A Gate and warning signs will be placed at the County Road to stop public use of the Road

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT is made on the 1st day of Dec., 1997.

BETWEEN:

Robert L. Steele ("Seller")
Christy Steele
Robert D. Steele and
Angela Steele Cavanaugh
1055 North 400 East
Nephi, Utah 84648

AND:

GUNNISON GYPSUM, INC. ("Buyer")
N 10015 Division #200
Spokane, WA 99208

WHEREAS: Juab Gypsum wishes to sell its Levan gypsum project, Juab County Utah,

AND

WHEREAS: Gunnison Gypsum, Inc. wishes to purchase the Levan gypsum project from Seller.

NOW THEREFORE THIS AGREEMENT WITNESSES that for the consideration set forth herein the parties agree as follows:

1. **PROPERTY.** The real property includes the four Federal mining claims; (Security 1 through 4; UMC#117022-117025), and all leased private land at the mine site. A legal description of the claims has been attached as Exhibit A. Seller makes no warranty with respect to leases beyond the current term of the existing leases.
2. **PAYMENTS**
 - a. Consideration. The total purchase price for the Property shall be Twenty-Six Million Dollars (\$26,000,000). The total purchase price shall be paid through production royalties

as set forth below.

b. Production Royalties. Beginning with the commencement of commercial production on the Property and continuing thereafter, Buyer shall pay to Seller a production royalty of \$1.00 per ton, for all Subject Minerals mined or otherwise recovered and sold from the Property until the end of May, 1998. Commencing on June 1, 1998, Buyer shall pay a royalty of \$2.00 per ton sold to Seller. A minimum royalty of Forty Thousand (\$40,000.00) per twelve months period will be assessed regardless of production commencing on January 1, 1998. A minimum royalty payment of Three Thousand Three Hundred Thirty-Three Dollars and Thirty Three Cents (\$3,333.33) shall be paid each month unless and until royalty payments exceed the total monthly payments due for the year to date or until the total \$40,000.00 minimum royalty is paid. Thereafter, monthly payments shall be paid based upon production amounts until a new twelve month period commences.

c. Payment of Production Royalty. All payments of production royalties shall be made on or before the last day of the month, following the month in which the material is sold. Buyer shall submit a statement along with payment indicating the number of tons sold in the preceding month and the number of tons sold to each client. All statements rendered and amounts paid by Buyer shall be presumed to be correct and accepted by Seller as rendered, unless and until the Seller invokes the Verification Provisions by giving written notice thereof to Buyer.

d. Consumer Price Index Adjustment. Royalty payments shall not increase until June 1, 2008. Commencing on June 1, 2008, the royalty shall be subject to increase in accordance with changes in the Consumer Price Index. Consumer Price Index shall mean the average for "all items" shown on the "United States city average for urban wage earners and clerical workers, all items, groups, sub-groups, and special groups of items promulgated by the Bureau of Labor Statistics of the United States Department of Labor," using the year 2007 as a base of 100. The royalty shall be adjusted yearly thereafter by increasing the royalty by the percent change in the consumer price index.

In the event that the Consumer Price Index ceased to incorporate a significant number of items, or if a substantial change is made in the method of establishing the Consumer Price Index, then the Consumer Price Index shall be adjusted to a figure that would have resulted had no change occurred in the manner of computing the Consumer Price Index. In the event that the Consumer Price Index (or a successor or substitute index) is not available, a reliable governmental or nonpartisan publication, evaluating the information thereto for use in determining the Consumer Price Index, shall be used in lieu of the Consumer Price Index.

3. **BOOKS.** Buyer shall keep accurate books and records in accordance with generally

accepted accounting principles. Said books and records shall show the transactions and operations related to Buyer's payments to Seller under this Agreement. Buyer shall be required to give Seller, on an annual basis, a report of gypsum sold, the names of its customers and the amounts of gypsum sold to each customer. At the Seller's sole expense, the Seller may choose a firm of certified public accountants to perform an audit of the Buyer's books and records. If the audit reveals a default in this Agreement, Buyer agrees to pay the expense of the audit or to bear the cost of an independent audit performed by a firm of certified public accountants which is mutually agreed upon. If the second audit also shows a default, the Buyer will be responsible for paying for both audits and to cure any default in conjunction with the termination provisions contained herein. Buyer further agrees that Seller and his agents may contact Buyer's customers and that they may release a statement to the Seller regarding gypsum purchased from Buyer. Seller agrees that audits shall occur not more than once per year.

4. **TRANSFER DATE.** The parties agree that all real property shall be delivered to the Buyer on or before _____. Following the transfer date, Buyer will be responsible for normal operating expenditures including all assumed lease on the property. Furthermore, Buyer shall be obligated to assume the Reclamation Bond as of the transfer date. Seller is entitled to a security interest in the claims including a trust deed and note.

5. **DEFAULT.** If Buyer fails to make any payment as provided for herein Seller may give written notice to Buyer and Buyer shall have a period of thirty days from receipt of such notice to remedy such failure by making the required payment and if such failure is not remedied within such period, this agreement shall thereafter be considered terminated. If the Agreement is terminated by default at any time all property of the Buyer transferred hereunder shall be deeded to the Seller and all payments by the Buyer shall be forfeited to the Seller.

6. **REPRESENTATIONS, WARRANTIES AND COVENANTS**

a. Seller covenants and warrants to Buyer that:

- (1) Seller is fully authorized and empowered to enter into this agreement;
- (2) Seller is the sole beneficial owner of an undivided 100% interest in and to the mineral rights of the mining property;
- (3) The Claims have been properly located and recorded in accordance with applicable law and are in good standing;
- (4) The Claims are valid and free of all liens, charges and encumbrances and are not subject to any right, claim or interest of any other person;

- (5) No act has been done by Seller whereby the Claims or any of them shall in any manner become encumbered prior to the transfer date;
- (6) No other person or group of persons is empowered to act for Seller in this matter;
- (7) There is no adverse claim or challenge against or to the title to the claims, or real property, or any portion thereof or interest therein and no person has any royalty or interest whatsoever in production or profits from the Claims except as set forth herein or any portion thereof.
- (8) Seller agrees to use its best efforts to complete the Patent on the mining Property.

b. Buyer covenants and warrants to Seller that:

- (1) Buyer shall be solely responsible for all labor performed upon or materials furnished to the Property
- (2) All work performed by Buyer and its employees and agents, with respect to the Property, shall be done in accordance with good mining practice. Subject to the provisions of this Agreement, Buyer assumes responsibility for the work done by it on the Property and specifically shall indemnify and hold harmless Seller for and on account of claims, demands or liabilities arising out of or in connection with Buyer's operations hereunder including costs and attorney's fees. No employee or agent of Buyer shall be deemed for any purposes to be an employee of Seller.
- (3) Buyer shall at all times comply with all applicable federal, state, and local laws and regulations including the claims on file, the small mining permit, and the special use permit, relating to performance of its activities on the Property; provided, however, Buyer shall have the right to contest any such laws or regulations at their own expense.

7. RIGHT OF ENTRY. During the currency of this agreement, Seller and its servants, agents and assigns are granted the right to enter upon the Claims.

8. NOTICE. Any notice, request or other instrument permitted or required to be given hereunder shall be given in writing and shall be effectively given if delivered personally to Seller or Buyer as the case may be, or such notice may be sent registered or certified by prepaid post to the

intended recipient at the address contained in this agreement or to such other address as may be supplied from time to time for the purposes of this agreement. A notice given personally shall be considered effectively given on the date of personal delivery. A notice sent by mail shall be considered given on the fifth business day (excluding Saturdays, Sundays) following the date of the mailing of such notice, except in the event of disruption of the postal service in which event notice will be deemed to be received only when actually received. Until a change of address is communicated as indicated above, all notices to Seller shall be addressed.

Robert L. Steele
1055 N. 400 E.
Nephi, Utah 84648

And all notices to Buyer shall be addressed:

Gunnison Gypsum, Inc.
10015 N. Division #200
Spokane, WA 99208

9. **FURTHER ASSURANCES.** The parties hereto agree to do such further acts and execute and deliver such further documents, deeds and assurances as may be necessary to fully perform and carry out the true intent and meaning of this agreement.

10. **INUREMENT.** This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

11. **ENTIRE AGREEMENT.** This agreement constitutes and contains the entire agreement and understanding between the parties hereto and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations whether oral or written, express or implied, statutory or otherwise between the parties hereto with respect to the subject matter hereof.

12. **GOVERNING LAW.** This agreement shall be governed by and interpreted in accordance with the laws of Utah.

13. **INDEMNIFICATIONS.** The Buyer agrees to hold Seller, Inc harmless from any claims from any and all persons or entities relating to the business of Seller including Costs and Attorney's fees. In consideration for these waivers and promises, Seller warrants that they are not aware of any claims or potential claims against the Property.

14. **NON-WAIVER OF RIGHTS.** No delay or failure by a party to exercise any right under this agreement, and no partial or single exercise of the right, shall constitute a waiver of that or other right, unless otherwise expressly provided herein.

15. **HEADINGS.** Headings in this agreement are provided for convenience only and shall not be used to interpret or construe its provisions.

16. **COUNTERPARTS.** This agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

17. **CONTRACT ASSIGNMENT.** This contract may not be assigned by either party, except with written consent of the other. However, this shall not be construed to prohibit the Buyer from hiring or contracting with any other entity to operate the mine.

18. **RATIFICATION.** The parties shall cause the corporation and limited company to adopt this agreement and be bound by all of its terms.

19. **RESOLUTION OF DISPUTES.** Except to the extent injunctive relief is sought, claims and disputes of any type between Buyer and Sellers arising out of or relating to this Agreement which cannot be resolved by negotiation between the parties shall be decided by an alternative dispute resolution process ("ADR Process"). Either party may give written notice to the other of its desire to resolve a claim or dispute by the ADR Process. The parties shall negotiate in good faith to determine the type of ADR Process to be utilized. If the type of ADR Process is not agreed upon by the parties within 30 days after said party's notice, then Arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association shall be the type of ADR Process utilized. An award resulting from the ADR Process shall be final and judgment may be entered therein in any court having appropriate jurisdiction. The parties agree that neither party shall be entitled to receive an award of punitive damages in connection with the resolution of such disputes; and it is agreed that any award including punitive damages shall be unenforceable to the extent thereof. Unless this Agreement is terminated in accordance with its terms, or the parties otherwise agree in writing, the parties shall continue to perform their respective obligations under this Agreement during the ADR Process. Each party shall pay its own attorney fees and other expenses in connection with the ADR Process. However, any Arbitrator shall have authority to make an award of any or all costs and attorney's fees in any award or judgment. The validity, construction, and enforcement of this Agreement shall be governed by the laws of the State of Utah.

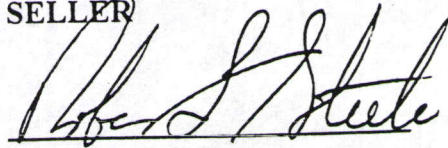
20. **CONSTRUCTIONS.** If any part(s) of this agreement are found to be void, the remaining provisions shall nevertheless be binding with the same effect as though the voided parts were deleted.

21. **MODIFICATIONS.** This agreement shall not be modified unless in writing and signed by all parties to this agreement.

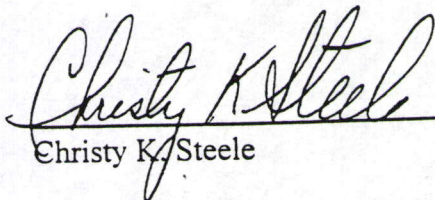
22. **ENTIRE AGREEMENT.** This agreement supersedes all agreements previously made between the parties hereto relating to its subject matter. There are no other understandings or agreements between the parties.

IN WITNESS WHEREOF the parties hereto have hereunto executed this agreement as of the day and year first above written.

SELLER[®]

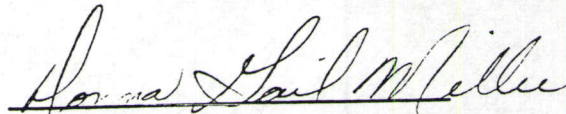


Robert L. Steele



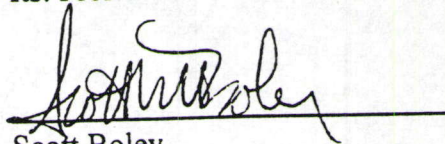
Christy K. Steele

GUNNISON GYPSUM, INC.



Donna Gail Miller

Its: President



Scott Boley

Its: Secretary

STATE of WASHINGTON



SECRETARY of STATE

I, **RALPH MUNRO**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF INCORPORATION

to

GUNNISON GYPSUM, INC.

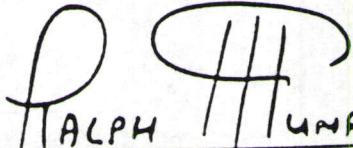
a Washington Profit corporation. Articles of Incorporation were filed for record in this office on the date indicated below.

UBI Number: 601 823 850

Date: October 08, 1997



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital


RALPH MUNRO

Ralph Munro, Secretary of State

2-567313-8

**RECLAMATION PERFORMANCE BOND
INFORMATION**

Reply To: 2810

Date: May 13, 1998

Gunnison Gypsum Incorporated
10015 North Division #200
Spokane, Washington 99208

Atten: Robert E. Miller

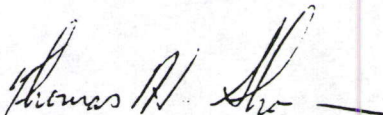
Dear Mr. Miller:

Please find enclosed your copy of the Assignment of Certificate of Deposit Agreement secured by you to cover the Plan of Operations for the Security 1-4 mining claims. I will forward a copy to First Security Bank located at 99 North Main, Spanish Fork, Utah.

I have also enclosed Standard Form 25, Performance Bond that needs to be reviewed and signed by you. Your signature is needed in the "Principal" block of the form and then returned to this office. Also, your Corporate Seal needs to be placed in the space shown.

Your cooperation to date has been appreciated. The next time you are going to be at the quarry, please give us a call. We would like to meet you on the site and review your operation and future plans.

Sincerely,



THOMAS H. SHORE
District Ranger

Enclosures

84 - Exhibit 17

ASSIGNMENT OF CERTIFICATE OF DEPOSIT AGREEMENT

United States Department of Agriculture
Forest Service

Assignment Agreement Number 1

1. Gunnison Gypsum Incorporation (hereinafter referred to as the "Assignor"), has entered into an agreement with the USDA, Forest Service, Manti-La Sal National Forest. The terms of this agreement are stated in Plan of Operations (9/9/93), No. 1. In order to fulfill the Forest Service requirements for a Performance Bond, Assignor does hereby assign, transfer, and set over to the forest Service all right, title, and interest in the Assignor's Certificate of Deposit No. 0499992766141 (hereinafter referred to as "Assigned Certificate of Deposit") purchased at First Security Bank N.A. located at 99 North Main, Spanish Fork, UT. 84660, which is a member of the Federal Deposit Insurance Corporation in the amount of thirty eight thousand dollars, \$38,000;00
2. The Forest Service may, at any time after giving written notice to the Assignor, demand payment from the Financial Institution that issued the assigned Certificate of Deposit by presenting the Certificate of Deposit or, where the Financial Institution holds the Certificate of Deposit, by presenting this Assignment Agreement. The amount paid will be the face value of the Certificate of Deposit, plus accrued interest, less any penalties for early withdrawal.
3. The Forest Service will refund direct to the Assignor, any funds derived from paragraph 2 above, not needed to satisfy the purpose for which this assignment is made.
4. The Assigned Certificate of Deposit shall be physically held ~~by the Forest Service~~ in trust for the Forest Service by First Security Bank N.A. located at 99 north main, Spanish Fork, UT. 84660, which shall not surrender the Certificate of Deposit to the Assignor or any other person.
5. The Assignor authorizes and directs the Financial Institution to pay the negotiable value of the assigned Certificate of Deposit, as instructed by the Forest Service regardless of alleged defenses, until the Financial Institution receives the release as described in paragraph 7 of this agreement. The Financial Institution is not legally responsible for determining if the Assignor has made payment, performed it's obligations or received notice.

6. The Financial Institution and Assignor agree that in the event the Financial Institution closes or is placed in receivership, any Federal Deposit Insurance Corporation insurance proceeds received for the benefit of the Assignor on any account maintained with the Financial Institution, shall first be applied to cover the Forest Service Assignment.
7. This Assignment remains in effect until the date the Forest Service representative signs the Release outlined in paragraph 13 and forwards the Release to the Assignor for signature.
8. Signed and Dated at Spokane, Fork, this day 27th of April, 1998.
Utah

R. E. Miller
Assignor

10015 N. Division #200

Address Spokane, WA 99208

Corporate Acknowledgement

9. I, Bob Miller, certify that I am the Director of the Gunnison Gypsum Inc., the corporation named as principal to this assignment, that Bob Miller who signed this agreement on behalf of the principal was the Director, that said agreement was duly signed on behalf of the corporation by authority of its governing body and is within the scope of its corporate powers.

R. E. Miller Director
(Signature and Title of Person
Signing Corporate Acknowledgement)

10. The First Security Bank N.A. as witnessed by the signature of a duly authorized officer, recognizes the assignment of the Assigned Certificate of Deposit in the amount of thirty eight thousand dollars (\$38,000.00) this 27th day of April, 1998.

The Financial Institution agrees that this assignment has been established to protect the interests of the forest Service per Plan of Operation No. 1 and waives all rights of offset or lien against the Assigned certificate of Deposit.

The Financial Institution agrees to pay the face value of the Assigned Certificate of Deposit plus accrued interest on the demand of the Forrest Service or as soon as permitted under the terms of the Assigned Certificate of Deposit without regard to determining whether there has been performance, payment, or notice given to the Assignor.

The Financial Institution agrees to ignore any attempt by the Assignor, or any third party, to offset a claim against the Assigned Certificate of Deposit.

The Financial Institution agrees to rely upon the instructions of the Forest Service, executed over the signature of the person, or designee, appearing under Acceptance, without the need to verify the person's authority.

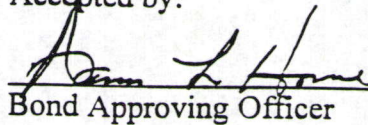
First Security Bank N.A.


Melyin J. Bennett

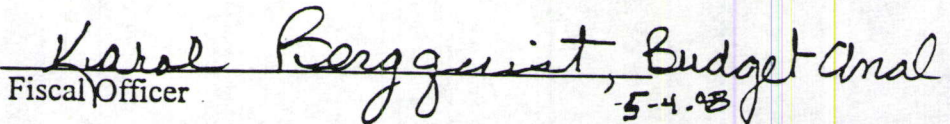
99 North Main, Spanish Fork, UT 84660

11. The United States Department of Agriculture, Forest Service accepts the assignment of Assigned Certificate of Deposit No. 0499992766141 in the amount of thirty eight thousand dollars (\$38,000.00) this 4th day of May, 1998, in accordance with the stipulations of this agreement.

Accepted by:


Bond Approving Officer

Certified by:


Fiscal Officer Budget Anal
-5-4-98

Forest Service Release

12. The assignment of Certificate of Deposit NO. 0499992766141 in the amount of thirty eight thousand dollars (\$38,000.00) is released. This authorized signature shall witness the termination of the Forest Service's interest in this assignment.

Bond Approving Officer

Assignor's Release

13. I, _____, Assignor in this agreement, recognize by my signature the release of the assignment as carried out in paragraph 12 of this agreement.

Signed this _____ day of April, 1998

Assignor

14. I, _____, certify that I am the _____ of the _____, the corporation named as principal to the assignment, that _____ who signed this release on behalf of the principal was the _____ of the corporation; that the assignment was duly signed on behalf of the corporation by authority of its governing body and is within the scope of its corporate powers.

Corporate Acknowledgement for Release

STATE of WASHINGTON



SECRETARY of STATE

I, **RALPH MUNRO**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF INCORPORATION

to

GUNNISON GYPSUM, INC.

a Washington Profit corporation. Articles of Incorporation were filed for record in this office on the date indicated below.

UBI Number: 601 823 850

Date: October 08, 1997



Given under my hand and the Seal of the State
of Washington at Olympia, the State Capital

RALPH MUNRO

Ralph Munro, Secretary of State

2-567313-8